

UNCLASSIFIED

Iraq

Status Report

August 5, 2009



Bureau of Near Eastern Affairs
U.S. Department of State

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TABLE OF CONTENTS

HIGHLIGHTS	3
POLITICAL	
• Governance & Legislation	4
ECONOMIC	
• Oil	10
• Fiscal and Monetary Affairs	12
• Private Sector	14
• Public Services - Electricity	15
BEYOND BAGHDAD	16
DIPLOMATIC	
• Political Engagement	17
SECURITY	
• Situation Update	18
• Security Transition	20
Contact Information, Notes and Source Citations	21

HIGHLIGHTS



- **PM Maliki and KRG President Barzani Meet (*POLITICAL*, page 4).**
- **Iraq Will Not Be Able to Pay GE for Equipment (*ECONOMIC*, page 13).**
- **FM Zebari Holds Meeting with British Foreign Secretary Miliband (*DIPLOMATIC*, page 17).**
- **Camp Ashraf Under GOI Control (*SECURITY*, page 18).**

POLITICAL - Governance & Legislation



PM Maliki visits the Kurdish region

PM Maliki and KRG President Barzani Meet:

- Iraqi Prime Minister Nuri al-Maliki and the President of the Kurdistan Regional Government (KRG) Masoud Barzani held a rare meeting on August 2 and agreed to continue discussions to address central government-KRG issues. PM Maliki told the press, “Differences of opinion are very normal because we are building a state on the ruins of (Saddam Hussein's) dictatorship ... I think we largely agree, and if there are disputes, they are small.” Barzani announced a senior-level Kurdish delegation will head to Baghdad in order to “solve problems.” A Kurd-Arab committee will reportedly also be formed to address potential disagreements between the two sides.

PM Maliki Visits Halabja:

- During the second day of his trip to Iraq’s Kurdish region, Iraqi Prime Minister Nuri al-Maliki visited the town of Halabja. Over 5,000 Iraqi Kurds died in Halabja when Iraqi forces attacked the civilian population with poison gas in March 1988. PM Maliki pledged that the central government will punish the individuals responsible for the incident.

POLITICAL - Governance & Legislation



PM Maliki visits the Kurdish region

Tariq Aziz Receives an Additional Prison Sentence:

- **Former Deputy Prime Minister Tariq Aziz was sentenced to an additional seven years in prison August 2 for his participation in the forced displacement of Kurds from northeastern Iraq during Saddam Hussein's reign. Providing the jury's verdict, Judge Mahmoud Salih said, "Because you committed, in partnership (with others), the crime of forced displacement against the Kurdish people, the court has decided to condemn you ... to seven years in prison." The August 2 conviction will be added to the 15-year sentence Aziz received in March for his role in the murder of dozens of traders for breaking state price controls in 1992.**

POLITICAL - Governance & Legislation

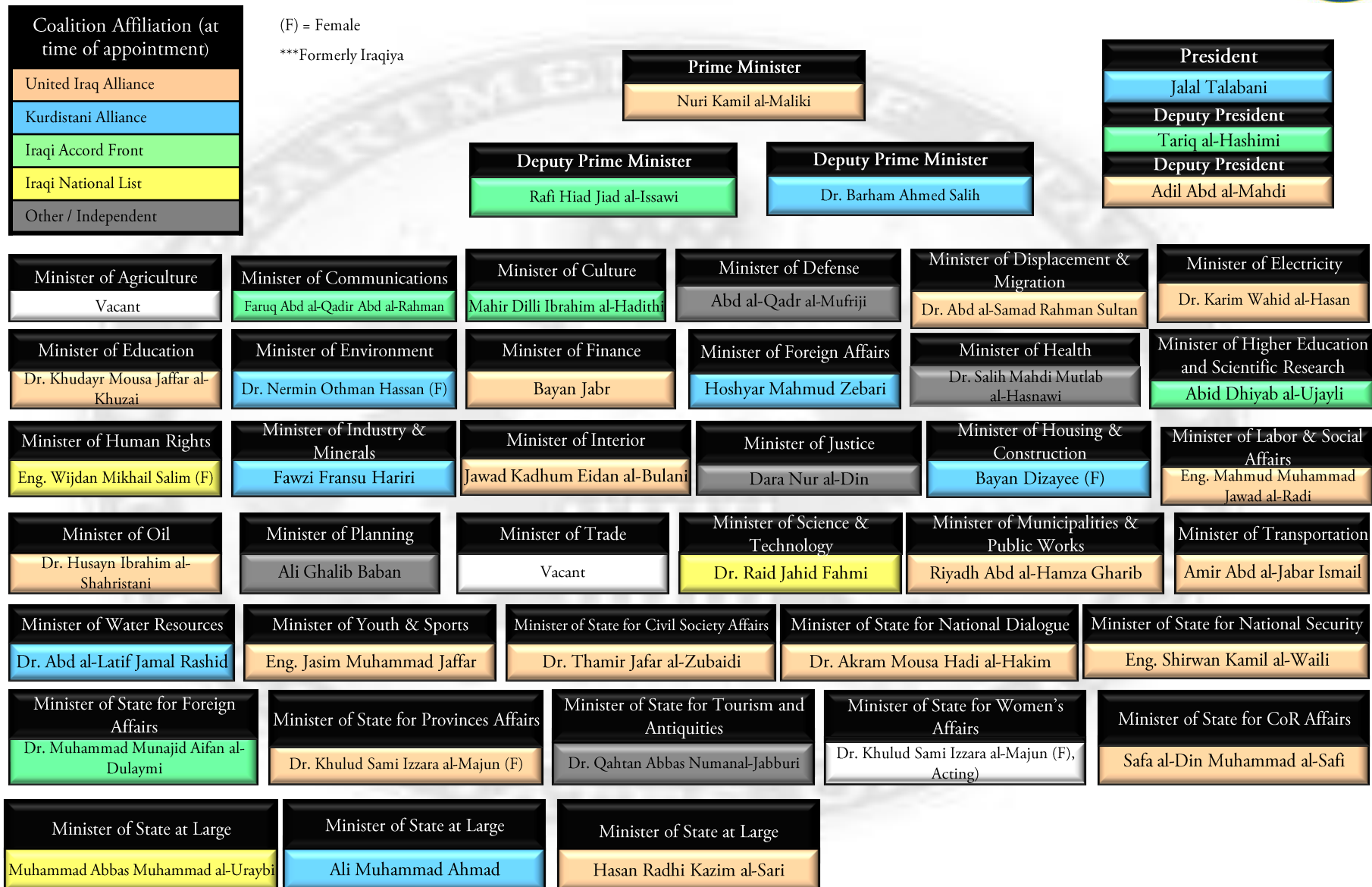


PM Maliki visits the Kurdish region

GOI Discusses Draft Law to Protect Journalists:

- The Iraqi government announced July 31 that it is considering a draft law providing protection for journalists. The law allows journalists and their families to receive government grants if they are killed or injured while performing their duties. According to government spokesman Ali al-Dabbagh, the law also gives journalists the right to use information and statistics without requiring them to reveal sources, although media professionals would be required to reveal their sources “in cases required by law.” The draft also provides that a journalist would not be coerced into publicizing information that was “incompatible with his beliefs, opinions and conscience” and would give every journalist the opportunity to “comment as he may consider appropriate to clarify his opinions.”

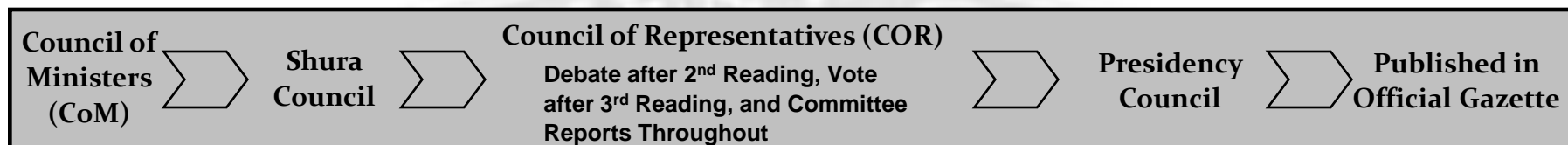
POLITICAL – Government of Iraq





POLITICAL – Key Legislative Issues

Legislative Process



- **Hydrocarbons Package:** The Framework Law was resubmitted to the Oil and Gas Committee on October 26, 2008 and then returned to the Council of Ministers. There has been no progress on the other three laws in the package.
- **NGO Law:** This law will regulate the operations and funding of Non-Governmental Organizations operating within Iraq. It received its first reading in the Council of Representatives on April 20, 2009.
- **National Elections Law:** A draft of a proposed national elections law is in committee but has not been finalized.

POLITICAL - Refugee Update



- **Regional governments report hosting as many as 2 million Iraqi refugees.**
- **The International Organization for Migration (IOM) estimates that over 2.8 million Iraqis are displaced inside Iraq.**
- **In FY08, the State Department's Bureau of Population, Refugees and Migration contributed \$287.08 million to international organizations and nongovernmental organizations to assist displaced Iraqis inside the country and in the region.**
- **The U.S. admitted 13,823 Iraqi refugees in FY08 (which ended September 30).**
- **Since the program's inception in FY07, 30,852 Iraqi refugees have been admitted for U.S. resettlement; in FY09 alone, the U.S. seeks to admit a minimum of 17,000 Iraqi refugees.**
- **As of March 2009, a total of 375 Special Immigrant Visa (SIVs) have been issued for Iraqi translators and interpreters since FY08 (under the Section 1059 program).**
- **As of March 2009, a total of 641 SIVs have been issued for Iraqis since FY08 (under the Section 1244 program).**
- **Secretary of State Hillary Clinton announced July 24 that the United States is contributing more than \$100 million in new assistance this year to support the return and reintegration of displaced Iraqis.**

ECONOMIC – Oil



Oil prices are rising, but exports and production remain below 2009 targets

Crude Oil Update:

Price averages in world markets closed with the following prices:

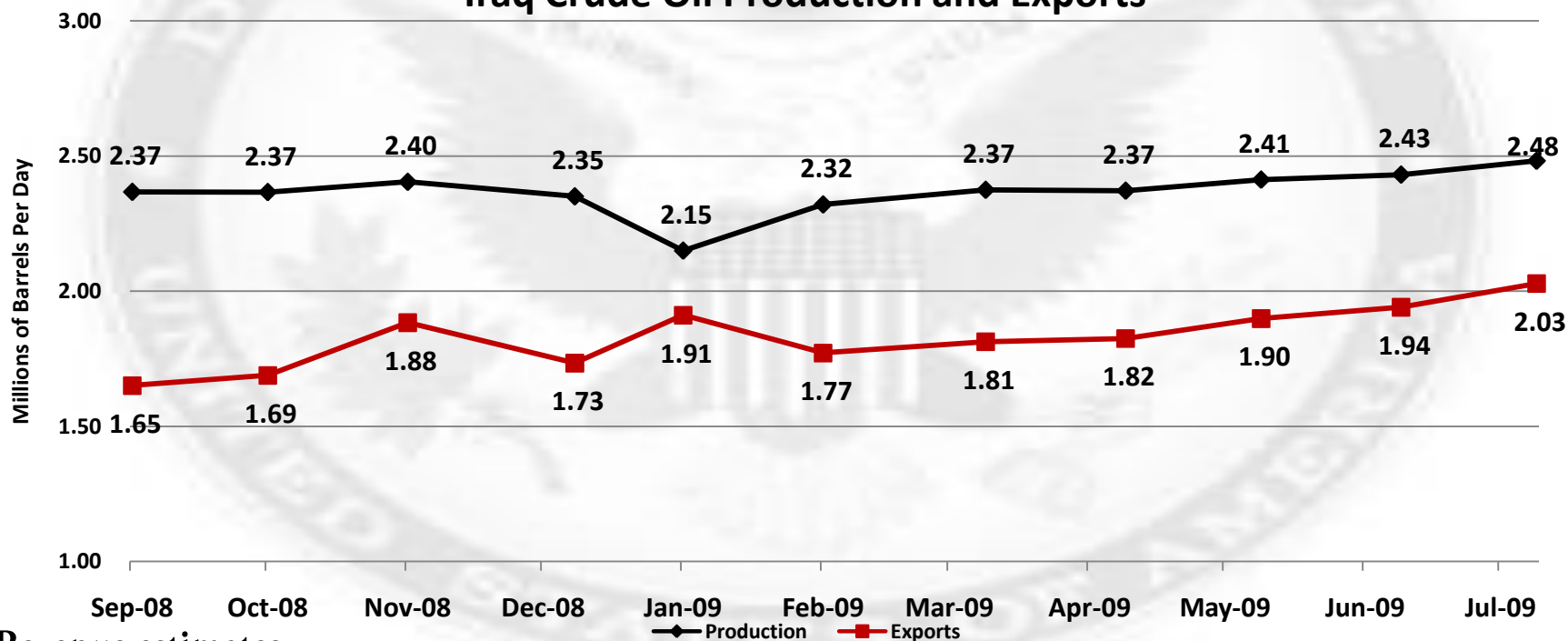
Basrah Light at \$68.07/barrel

Dated Brent at \$65.58/barrel

WTI Cushing at \$67.07/barrel

Oman/Dubai at \$67.67/barrel

Iraq Crude Oil Production and Exports



Revenue estimates:

2007: \$41.0 Billion

2008: \$61.9 Billion

2009 (ytd): \$ \$19.02 Billion*

*New revenue formula is used for 2009 that is more accurate, if lower.

ECONOMIC – Oil



Awarded CNPC and BP meet in London

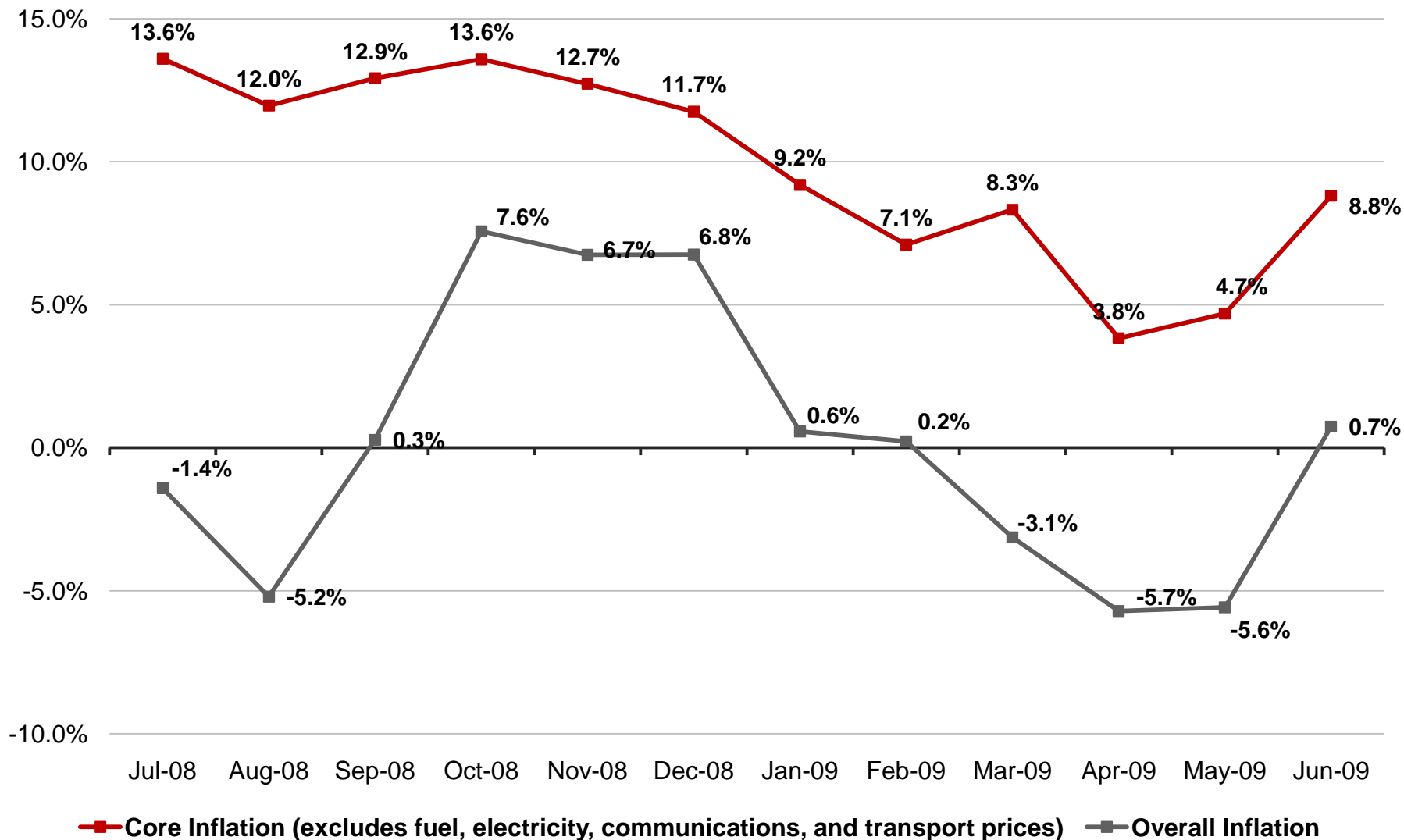
PetroChina Chairman to Meet with BP's Top Management:

- A Beijing-based industry executive told Reuters July 31 Jiang Jiemin, the chairman of PetroChina and president of CNPC, is planning to meet with BP's senior leadership to discuss the two companies' cooperation in Iraq, as well as other issues. The executive also said Jiang would visit a BP-oil production facility in Scotland. "Jiang will travel with BP China's top executives to London to further cooperation and make friends," the executive said, "Rumaila will be on the agenda." The executive, who has ties to BP, did not provide further elaboration. Industry sources reported previously CNPC and BP may consider restructuring their partnership to give CNPC a larger stake in the Rumaila venture while minimizing BP's risk exposure in Iraq.

ECONOMIC - Fiscal and Monetary Affairs



Year-on-Year Inflation



ECONOMIC – Fiscal and Monetary Affairs



\$2.4 billion payment to GE delayed

Economic Indicator	This Week	Last Week	Last Month	Last Year
Iraqi Commercial Bond Sales				
Price (USD)	\$67.12	\$65.66	\$65.27	\$66.08
Yield	9.62%	9.88%	9.94%	10.96%

Iraq Will Not Be Able to Pay GE for Equipment:

- Prime Minister Nuri al-Maliki said August 1 the Government of Iraq will not be able to pay General Electric for equipment the company manufactured to increase electricity production in Iraq. The Council of Ministers approved the sale of \$2.4 billion worth of treasury bonds that would be used to pay GE but the sale has not yet been approved by the Council of Representatives (COR), which is now on summer recess until September 8. PM Maliki blamed the political agendas of some parliamentarians for the COR's inability to approve the sale. "The electricity ministry cannot manage \$2.4 billion to pay GE and we cannot force parliament to approve our project. As a consequence this process (electricity production) will stop," PM Maliki said during a meeting of tribal leaders July 31. GE has already manufactured the equipment for Iraq's order.

ECONOMIC – Private Sector



Visa expands its Iraq network

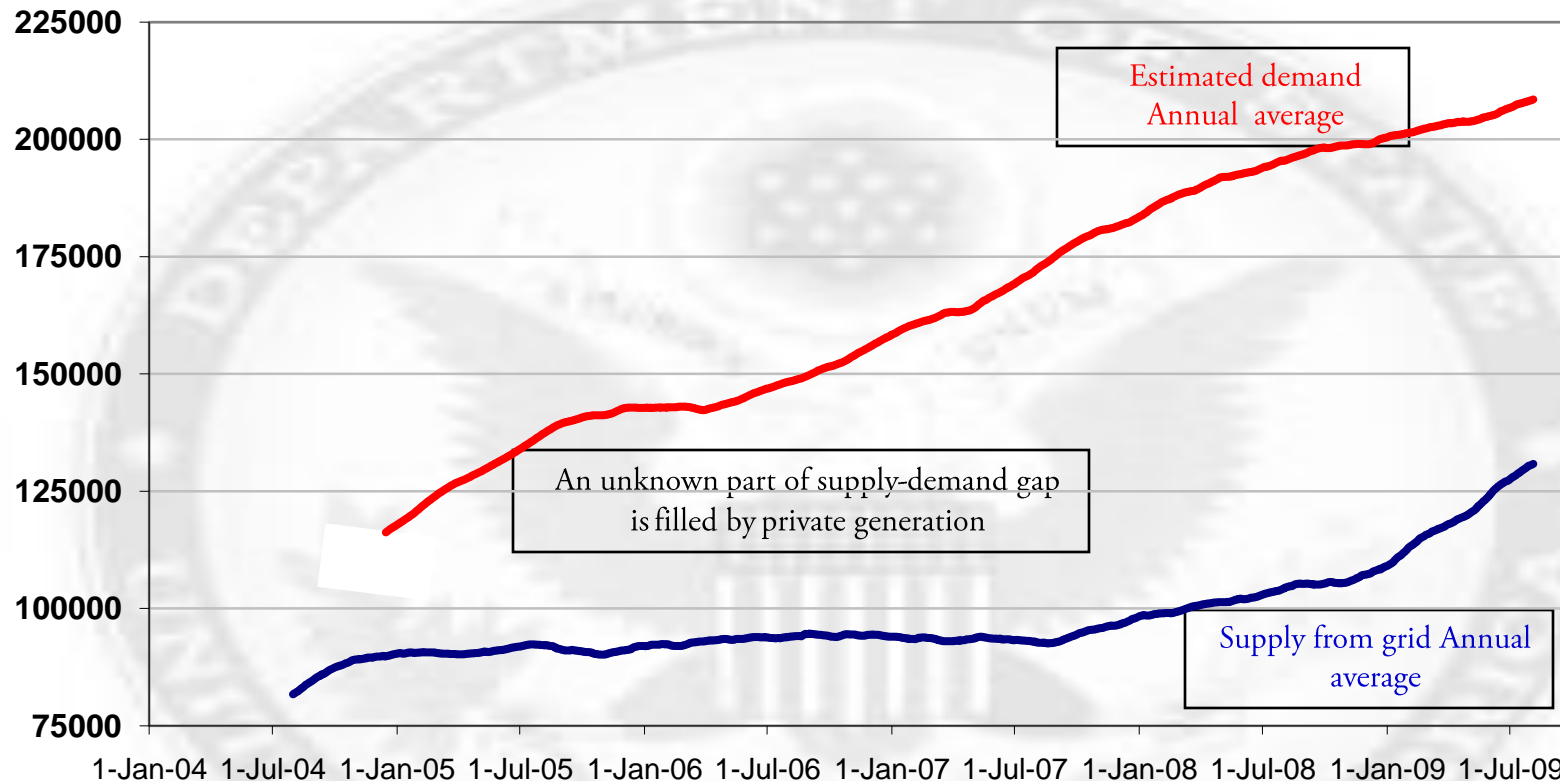
Visa Announces Expansion of Payment Network in Iraq:

- **Visa Inc. announced August 2 that the Bank of Baghdad, the electronic banking services company Al-Amwal and a consortium of 13 Iraqi banks are now part of the Visa payment network in Iraq. People will now be able to use their Visa cards in a wider variety of locations throughout Iraq; such as, hotels, duty free shops, travel agencies, and other stores. “We are delighted to extend our global payment services in Iraq and help bring the social and economic benefits which come with electronic payment acceptance. These include stimulating economic growth, promoting transparency and accountability, while also increasing the number of people with access to the formal banking system.” Tony Gougassian, Visa Inc.'s Area Manager for Iraq, Levant and Qatar, said, The Visa network was in operation in Iraq linking 75 key “Treasury Bank Branches” under the Coalition Provisional Authority from May 2003 to June 2004, and provided the important “information backbone” for the highly successful Iraq Currency Exchange program, which removed from circulation the Iraqi dinars that bore Saddam Hussein’s image and replaced them with new Iraqi dinars.**



Public Services – Electricity

GOI needs to strengthen policy actions to manage demand and usage patterns



- Electricity supply from the grid July 29-August 4 was 20% above 2008 and met 59% of estimated demand, compared with 52% for the year earlier period.
- Based on estimated demand, hours of power for July 27-August 2 after meeting demand from essential services were Baghdad 14.2 and Iraq 13.8. Year-ago levels were Baghdad 10.5 and Iraq 11.3.

Beyond Baghdad



“...we will help Iraq's institutions strengthen their capacity to protect the rule of law, confront corruption, and deliver basic services.”

President Barack Obama

Recent Highlights

Boxing Demonstration at Basrah's Sports City Complex

Erbil

Musicians from the Unity Youth Performing Arts Academy gave a concert performance at Peshawa Hall in Erbil July 19. Performers ranged in age from nine to 22 and came from several provinces throughout Iraq. Amongst the audience of 250 young people, were the KRG Minister of Culture, the diplomatic corps, and several Kurdish language television stations. The musicians performed a wide variety of pieces including classical, jazz, country, and musical theater. The Erbil PRT leader was one of several individuals presented with an album of pictures and drawings as a show of gratitude to the U.S.

Tamim

The first Environmental Police training program was held for 20 policemen in Kirkuk City. The program, hosted by the PRT Solid Waste team, will educate participants in proper waste management and enforcement, current Iraqi waste and environmental laws, and disposal procedures. The training was well received with many participants requesting further training along with future training requests from their colleagues.

Basrah

A groundbreaking ceremony for the Basrah Sports City Complex was held by the provincial government July 20. The Complex is expected to be completed in time to host the Gulf Cup Soccer Tournament in 2013. The venue will house training facilities for future Olympic athletes and other high level competitors. The Complex will include a stadium, housing, shopping, a museum, and a mosque. Construction of the Complex has the potential to provide a significant number of jobs to local residents.

DIPLOMATIC – Political Engagement



Iraq strengthens bilateral relations with the United Kingdom

FM Zebari Holds Meeting with British Foreign Secretary Miliband:

- In a bid to strengthen diplomatic ties with the UK, Iraqi Foreign Minister Hoshyar Zebari held a meeting with British Foreign Secretary David Miliband at the British Foreign Office Headquarters July 28. According to the Iraqi Ministry of Foreign Affairs, the two leaders discussed security training cooperation, particularly Britain's ongoing technical and military training of Iraqi Naval Forces. FM Zebari reiterated the Iraqi government's request for British assistance in ending Iraq's Chapter VII sanctions at the United Nations and provided Secretary Miliband an overview of Prime Minister Nuri al-Maliki's recent visit to the United States.

SECURITY – Situation Update



GOI establishes a police station at Camp Ashraf and arrests 36 MEK members

Camp Ashraf Under GOI Control:

- Abdul Nassir al-Mehdawi, governor of Diyala province, confirmed August 3 that Iraqi Police arrested 36 members of the Mujahedin-e Khalq (MEK) residing at Camp Ashraf on rioting charges; however, the 36 individuals would not be repatriated to Iran. Mehdawi said some of the 36 individuals would be released but others would have to face trial. “We have two seriously injured Iraqi Police. If they die, some of the detainees will go to court to face criminal charges,” he said. Residents of Camp Ashraf claimed 13 demonstrators were killed in the clashes, while the GOI stated that seven were killed. With the approval of the GOI, an MNF-I medical team was deployed to Camp Ashraf to provide assistance to the camp’s residents, July 30. While the team provided treatment for patients at the camp, some of the more seriously injured patients were moved to a U.S. facility.



SECURITY – Situation Update

GOI establishes a police station at Camp Ashraf and arrests 36 MEK members

Explosions Targeting Mosques in Baghdad Kill 28 People:

- A series of six explosions killed at least 28 people and wounded over 100 at mosques across Baghdad July 31. The worst attack came when a car bomb struck people praying in the street outside the crowded al-Shurufi mosque in northern Baghdad, killing 23 people and wounding 107 others. Across town in southeast Baghdad, two bombs detonated at the same time near a mosque killing four people and wounding 17 others. Three other bombs near mosques in Baghdad also exploded, killing one person and wounding 15.

Sunni Political Party Office Bombed:

- An explosion inside the office of a Sunni political party in Baquba killed seven people and wounded eight others July 30. The blast killed seven workers of the Reform and Development Party; a party that has stood in regional elections, but failed to win seats. Lieutenant Colonel Abdul Hameed al-Shimari, commander of an emergency police unit in Diyala, said, “The bomb went off when members of the party were holding a meeting, killing six men and one woman. Most of the victims worked for the party.”



SECURITY – Security Transition

ISF taking steps to increase independence and capabilities

Iraqi National Police Change Name to Federal Police:

- The Iraqi National Police officially changed its name to the Federal Police effective August 1. Lieutenant Colonel Mohammed al-Baydani said over the next two years, the Federal Police plan on setting up a brigade headquarters in every province, including the autonomous Kurdish provinces. Currently the Federal Police are composed of four divisions and 17 brigades with 42,000 enlisted members.

Australia and U.K. Withdraw Remaining Military Contingencies from Iraq:

- Australia and Great Britain withdrew their remaining military forces from Iraq August 1. Australia's military commander in the Middle East, Major General Mark Kelly, said the last 12 embedded Australian soldiers were flown out of Baghdad July 28, three days ahead of the deadline. An Australian security detachment of about 100 soldiers will remain to protect Embassy personnel. The remaining British Naval Forces withdrew to Kuwait, as the GOI failed to reach an agreement before the August 1 deadline allowing the 100 U.K. naval personnel to remain. “We haven't lost our international partners. Rather, there are representatives from around the world here in various capacities such as NATO, military advisers, law enforcement and construction workers,” said Army Colonel John R. Robinson, a military spokesman at the U.S. headquarters outside Baghdad.



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http://www.defenselink.mil/home/features/Iraq_Reports/index.html

Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov



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